

# **Fiscal Services Division**

## **Legislative Services Agency**

### **Fiscal Note**

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HF 852 - Pseudoephedrine Sales and Tracking (LSB 1286 HV)

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Fiscal Note Version - New

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#### **Description**

House File 852 provides that a person cannot purchase more than 3,600 milligrams of pseudoephedrine within a 24-hour period unless the person has a prescription. Current law provides that a person cannot purchase more than 7,500 milligrams within a 30-day period. The Bill requires the purchaser to present a driver's license or other State issued photo identification and sign an electronic logbook. The electronic logbook records must be maintained for 24 months. The State Board of Pharmacy Examiners will implement a statewide real-time central repository to track pseudoephedrine product sales at pharmacies and will keep the information collected confidential. A violation of the confidentiality requirement is a simple misdemeanor. House File 852 specifies that a four-member advisory committee will meet to make recommendations regarding the implementation of the statewide real-time central repository. Section 124.212C, Code of Iowa, establishing the advisory committee is repealed when the establishment of the statewide real-time repository is complete. Sections 124.212A and 124.212B, Code of Iowa, do not become applicable until sufficient funding is received and the central repository under the control of the State Board of Pharmacy Examiners is established on a statewide basis. However, the section requiring a pharmacy to keep logbook records for 24 months from the date of the last entry is applicable upon the effective date of the Bill.

#### **Background**

- In FY 2006, there were 38 convictions for the purchase of more than 7,500 milligrams of pseudoephedrine in a 30-day period.
- In FY 2006, there were 334 meth lab incidents reported, a decrease of 430 compared to FY 2005.
- In FY 2006, there were approximately 28 meth lab incidents reported a month, a decrease of 36 a month compared to FY 2005.
- Since the implementation of SF 169 (Methamphetamine Act) during the 2005 Legislative Session, there has been a 78.0% reduction in the average number of meth lab incidents reported per month from FY 2004 through FY 2006.
- The federal government recently passed the Federal Combat Methamphetamine Epidemic Act, which has a daily limit of 3,600 milligrams, requires a 24-month retention of records, and requires additional information from the purchaser.
- House File 770 (Pseudoephedrine Tracking System Appropriation Bill) contains an appropriation of \$230,000 from the State General Fund to the Office of Drug Control Policy for the implementation of an electronic monitoring system to track pseudoephedrine sales at pharmacies.
- In FY 2006, there were approximately 790 pharmacies that dispensed an average of ten pseudoephedrine-containing products each day.
- The Board of Pharmacy Examiners reports the cost for one full-time Administrative Assistant is \$44,000.

- The person working for the Board of Pharmacy Examiners Prescription Monitoring Program is funded from a federal grant from the Bureau of Justice Assistance. The grant period was recently extended to terminate March 21, 2008. The Prescription Monitoring Program is scheduled to terminate June 30, 2009, unless the General Assembly decides to reauthorize the Program.
- A switching company is a routing company that routes the electronic transaction to where it needs to go. The pharmacy would enter the information into their current system, the information would go to the switching company; the switching company would then route the information to the pseudoephedrine database (to the Board of Pharmacy under this proposal); the database would then examine the new information and determine if the sale is within the legal limits; the database at the Board of Pharmacy would then send a message back whether to proceed with the sale or not and this would be sent back to the switching company; the switching company would then route the information back to the pharmacy where the transaction originated. This technology and process is currently used by all pharmacies in Iowa in processing claims for payment by insurance providers.

### **Assumptions**

- The tracking system would apply only to sales in pharmacies and not in retail stores that are not pharmacies.
- Assumes there would be no expansion in law enforcement access to collect information other than what is currently permitted under law.
- Per diem expense for each advisory committee board member is \$50 and travel expenses are estimated to be \$120.
- The Board of Pharmacy Examiners estimates the contract with a switching company to be approximately \$1,000 per month.
- According to the Board of Pharmacy Examiners, the contract cost for development and implementation of central database, including coordinating the receipt of data from the switching companies is estimated to be \$230,000.
- The Board of Pharmacy Examiners estimates the annual maintenance of the database application to be \$30,000.
- According to the Office of Drug Control Policy, subscribing to the National Council for Prescription Drug Program (NCPDP) standards in contracting with one or more switching companies may reduce implementation costs for system hardware and software.
- Switching company transaction costs would be passed through to the consumers and are not included in the estimate for the Office of Drug Control Policy appropriation.
- According to the Office of Drug Control Policy, stricter control over the distribution of pseudoephedrine products in Iowa, easier retrieval of information regarding the distribution of pseudoephedrine products in Iowa, and the reduction in the number of methamphetamine labs in Iowa under this Bill will reduce the number of law enforcement inquiries and the amount of information tracked which would allow a part-time person to track this information.
- The Office of Drug Control Policy assumes the duties associated with the pseudoephedrine electronic tracking system could be performed by the same person who will be performing similar duties associated with the prescription monitoring program.
- According to the Office of Drug Control Policy, the Iowa Board of Pharmacy Examiners would maintain the electronic monitoring system and receive a one-time appropriation of \$230,000 for hardware and software needs to start up the tracking system and \$30,000 in an annual appropriation for on-going maintenance and support.

- The average State costs for one simple misdemeanor conviction ranges from \$20 (court costs) to \$320 (court costs plus indigent defense).

### **Correctional Impact**

Breach of confidentiality by professional licensing agencies are rare; therefore, it is not anticipated that this portion of the Bill will have a correctional impact.

### **Fiscal Impact**

Depending on how the Program is implemented, the one-time General Fund appropriation for start up costs is estimated to range between \$230,000 and \$288,000. The on-going cost for this program ranges between \$30,000 and \$86,000. The Sections of HF 852 dealing with the central repository do not become applicable until sufficient funding is received and the central repository under the control of the State Board of Pharmacy Examiners is established on a statewide basis.

### **Sources**

Department of Human Rights, Criminal and Juvenile Justice Planning  
Office of Drug Control Policy  
Judicial Branch  
State Public Defender  
Department of Public Health

/s/ Holly M. Lyons

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March 26, 2007

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The fiscal note and correctional impact statement for this bill was prepared pursuant to Joint Rule 17 and pursuant to Section 2.56, Code of Iowa. Data used in developing this fiscal note and correctional impact statement are available from the Fiscal Services Division, Legislative Services Agency to members of the Legislature upon request.

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